

AMENDED IN ASSEMBLY APRIL 16, 1998  
AMENDED IN ASSEMBLY MARCH 31, 1998  
AMENDED IN ASSEMBLY MARCH 19, 1998  
AMENDED IN SENATE JULY 23, 1997  
AMENDED IN SENATE APRIL 21, 1997  
AMENDED IN SENATE APRIL 14, 1997  
AMENDED IN SENATE MARCH 17, 1997  
AMENDED IN SENATE FEBRUARY 13, 1997

**SENATE BILL**

**No. 147**

---

---

**Introduced by Senator Kopp**  
(Coauthor: Assembly Member Papan)

January 13, 1997

---

---

An act to amend Section 6586 of, and to add Section 6586.5 to, the Government Code, relating to local agency borrowing.

LEGISLATIVE COUNSEL'S DIGEST

SB 147, as amended, Kopp. Local agency borrowing.

Under the Marks-Roos Local Bond Pooling Act of 1985, a joint exercise of powers authority may issue bonds to assist local agencies in financing public capital improvements, working capital, liability or other insurance needs, or projects whenever there are significant public benefits for taking that action.

This bill would provide that an authority, with certain exceptions, may not issue bonds to construct, acquire, or finance a public capital improvement unless (a) the authority reasonably expects on the date of issuance of the bonds that the public capital improvement is to be located within the geographic boundaries of one or more members of the authority that is not itself an authority; and (b) a member of the authority within whose boundaries the public capital improvement is to be located has approved the public capital improvement and has made a finding of significant public benefit after a public hearing.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 6586 of the Government Code is  
2 amended to read:

3 6586. It is the Legislature's intent that this article be  
4 used to assist local agencies in financing public capital  
5 improvements, working capital, liability and other  
6 insurance needs, or projects whenever there are  
7 significant public benefits for taking that action. For the  
8 purposes of this article, "significant public benefits"  
9 means any of the following benefits to the citizens of the  
10 local agency:

11 (a) Demonstrable savings in effective interest rate,  
12 bond preparation, bond underwriting, or bond issuance  
13 costs.

14 (b) Significant reductions in effective user charges  
15 levied by a local agency.

16 (c) Employment benefits from undertaking the  
17 project in a timely fashion.

18 (d) More efficient delivery of local agency services to  
19 residential and commercial development.

20 SEC. 2. Section 6586.5 is added to the Government  
21 Code, to read:

22 6586.5. (a) An authority may not issue bonds to  
23 construct, acquire, or finance a public capital  
24 improvement pursuant to this article unless both of the

1 following conditions are satisfied with respect to each  
2 capital improvement to be constructed, acquired, or  
3 financed:

4 (1) It reasonably expects on the date of issuance of the  
5 bonds that the public capital improvement is to be  
6 located within the geographic boundaries of one or more  
7 members of the authority that is not itself an authority.

8 (2) A member of the authority within whose  
9 boundaries the public capital improvement is to be  
10 located has approved the financing of the public capital  
11 improvement and made a finding of significant public  
12 benefit in accordance with the criteria specified in  
13 Section 6586 after a public hearing held by that party  
14 within each county or city and county where the public  
15 capital improvement is to be located after notice of the  
16 hearing is published once at least five days prior to the  
17 hearing in a newspaper of general circulation in each  
18 affected county or city and county.

19 (b) This section shall not apply to bonds issued for any  
20 of the following purposes:

21 (1) To finance the undergrounding of utility and  
22 communication lines.

23 (2) To finance, consistent with the provisions of this  
24 chapter, facilities for the generation or transmission of  
25 electrical energy for public or private uses and all rights,  
26 properties, and improvements necessary therefor,  
27 including fuel and water facilities and resources.

28 (3) To finance facilities for the production, storage,  
29 transmission, or treatment of water; *recycled water*; or  
30 wastewater.

31 (4) To finance public school facilities.

32 (5) *To finance public highways located within the*  
33 *jurisdiction of an authority that is authorized to exercise*  
34 *the powers specified in Chapter 5 (commencing with*  
35 *Section 31100) of Division 17 of the Streets and Highways*  
36 *Code, provided that the authority conducts the noticed*  
37 *public hearing and makes the finding of significant public*  
38 *benefit in accordance with this section.*

O